

Message Text

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E.O. 11652: N/A

TAGS: EAGR, EEC, ETRD

SUBJECT: ACCESSION COMPENSATORY AMOUNTS FOR POULTRYMEAT AND EGGS

REF: (A) LONDON 16307, (B) EC A-371, (C) TOFAS 249, (D)TOFAS 251
(E) EC A -440

1. BEGIN SUMMARY: ACCESSION COMPENSATOR AMOUNTS (ACA'S) FOR PULTRYMEAT AND EGGS SET FOR THE PERIOD NOVEMBER 1, 1975 TO JANUARY 31, 1976 ARE SUBSTANTIALLY LOWER THAN THOSE NOW IN EFFECT THE DROP IN ACA'S COMBINED WITH THE INCREASE IN THE BASIC VARIABLE LEVIES ON POULTRYMEAT AND EGGS AND THE DEVALUATION OF THE GREEN POUND WILL RESULT IN A SHARP INCREASE IN THE CHARGES APPLIED TO IMPORTS INTO THE UK AND IRELAND. THE NET CHARGE ON IMPORTS OF WHOLE TURKEYS INTO THE UK, FOR EXAMPLE WILL NEARLY TRIPLE END SUMMARY.

2. COMMISSION REGULATIONS NO. 2658/75 AND 2659/75 FIX ACA'S FOR POULTRYMEAT AND EGGS FOR THE PERIOD NOVEMBER 1, 1975 THROUGH JANUARY 31, 1976. THESE ACA'S WHICH ARE BASED ON THE ACA' APPLICABLE TO GRAINS IN THE FIRST 75 DAYS OF THE PRECEDING QUARTER (I.E., AUGUST-OCTOBER 15), ARE SUBSTANTIALLY LOWER THAN THOSE NOW IN EFFECT (REF.B). IN THE CASE OF THE UK AND IRELAND,THE BASIC VARIABLE LEVIES APPLICABLE TO IMPORTS OF POULTRYMET AND EGGS ARE UNCLASSIFIED

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REDUCED BY THE ACA'S. THUS, THESE CHANGES COMBINED WITH THE

INCREASES IN THE BASIC VARIABLE LEVY (REPORTED REF. C AND D) AND THE DEVALUATION OF THE GREEN POUND (REF.E) WILL RESULT IN A SHARP INCREASE IN THE VARIABLE LEVY APPLIED TO US EXPORTS OF POULTRYMEAT PRODUCTS TO THE UNITED KINGDOM AND IRELAND (AS POINTED OUT IN REF A).

3. THE DEVALUATION OF THE GREEN POUND WILL INCREASE PROTECTION AGAINST IMPORTS IN TWO WAYS:

A. SINCE THE UNIT OF ACCOUNT WILL NOW BE WORTH .057 POUNDS INSTEAD OF .054 POUNDS, THE INCIDENCE OF THE VARIABLE LEVY, IN TERMS OF POUNDS, WILL BE GREATER

B. THE GAP BETWEEN THE GREEN POUND AND THE MARKET VALUE OF THE POUND WILL BE NARROWER AND MONETARY COMPENSATORY AMOUNTS (MCA'S) WILL BE REDUCED MCA'S ARE APPLIED AS SUBSIDIES ON IMPORTS INTO THE UNITED KINGDOM AND IRELAND.

4. THE MISSION'S CALCULATION OF THE APPROXIMATE IMPACT OF THESE CHANGES ON IMPORTS OF WHOLE TURKEYS (CXT 02.02 AIV) IS SHOWN BELOW. SIMILAR INCREASES IN PROTECTION WOULD OCCUR FOR OTHER POULTRYMEAT AND EGG PRODUCTS. WE EMPHASIZE THAT THESE CALCULATIONS ARE APPROXIMATE AS THE NET CHARGE ON IMPORTS DEPENDS ON THE MONETARY COMPENSATORY AMOUNTS (MCA'S) IN EFFECT AT ANY GIVEN TIME (AND, THUS ON THE MARKET VALUE OF THE POUND). THE ESTIMATE OF THE MCA AND THE MONETARY COEFFICIENT FOR THE PERIOD AFTER NOVEMBER 1 WAS OBTAINED BY APPLYING THE NEW GREEN RATE TO THE MCA'S AND THE COEFFICIENTS IN EFFECT AS OF OCTOBER 13, 1975.

	BEFORE NOV.1	UNIT	AFTER NOV.1
BASIC VARIABLE LEVY	12.57	U.A./100 KG	16.75
LESS ACA	5.56	U.A./100 KG	2.05
	7.01	U.A./100KG	14.70
TIMES MONETARY			
COEFFICIENT	1.117	(10/13/75)	1.051(ESTIMATED)
	7.83	U.A./100 KG	15.45
TIMES GREEN RATE	.5366	POUNDS PER U.A.	.5696
	4.20	POUNDS/100 KGS	8.80
LESS MCA'S	1.27	(10/13/75)	
		POUNDS/100 KGS	.55(ESTIMATED)

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NET CHARGE ON IMPORTS 2.93 POUNDS/100 KGS 8.25

5. FOR CERTAIN POULTRY PRODUCTS, THE REDUCTION IN GATE PRICES (ALSO REPORTED IN REF. C AND D) COULD OFFSET THE ABOVE INCREASES TO SOME EXTENT VIA REDUCED SUPPLEMENTARY LEVIES. WHILE SUPPLEMENTARY LEVIES ARE NOT CURRENTLY APPLIED TO IMPORTS OF WHOLE TURKEY OR TURKEY HALVES OR QUARTERS, THEY ARE APPLIED TO IMPORTS OF OTHER TURKEY PARTS.

6. THE NEW ACA'S FOR POULTRYMEAT AND EGGS REFLECT THE INCREASE IN WORLD GRAIN PRICES (AND THUS THE DROP IN GRAIN ACA'S) IN THE AUGUST-OCTOBER 15 PERIOD AS COMPARED WITH THE MAY-JULY 15 PERIOD THE BASIC VARIABLE LEVIES, ON THE OTHER HAND, ARE BASED ON FEEDGRAIN PRICES IN THE SIX-MONTH BEGINNING 9 MONTHS BEFORE THE EFFECTIVE DATE OF THE QUARTERLY CALCULATON. THUS, THE LEVIES EFFECTIVE NOVEMBER 1 ARE BASED ON GRAIN PRICES IN THE FEBRUARY-JULY 1975 PERIOD --WHEN PRICES DECLINED RELATIVE TO THE PREVIOUS CALCULATING PERIOD.

7. ACA'S APPLICABLE TO UK TRADE IN CERTAIN POULTRYMEAT PRODUCTS ARE SHOWN BELOW WITH PREVIOUS ACA'S IN PARENTHESES REGULATIONS NO. 2658/75 AND 2659/75,WHICH CONTAIN THE COMPLETE LIST OF ACA'S FORPOULTRYMEAT AND EGGS FOR THE UK, AND IRELAND ARE BEING TRANSMITTED BY AIRGRAM.

CXT NO.	PRODUCT	ACA(U.A/100 KGS)
02.02 AIB)	CHICKENS, 70 PERCENT WHOLE	2.21 (5.1871)
02.02 AIV	TURKEY, WHOLE	2.05 (5.5635)
02.02 BI	BONED POULTRY MEAT	5.52 (14.6752)
02.02BIIA)4	TURKEY HALVES AND QUARTERS	2.26 (6.1199)
02.02BIID)2	TURKEY BREASTS	3.38 (9.1798)
02.02BIIE)2AA	TURKEY DRUMSTICKS	1.85 (5.0072)
02.02BIIE)2BB	TURKEY THIGHS	3.18 (8.6234)

GREENWALD

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